

Message Text

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PAGE 01 DOHA 00608 180654Z
ACTION SCSE-00

INFO OCT-01 NEA-10 ISO-00 SCA-01 L-03 H-02 EB-07
SIL-01 LAB-04 HEW-06 OMB-01 TRSE-00 COME-00
CIAE-00 INR-07 NSAE-00 /043 W
-----181204Z 056595 /41

R 171210Z MAY 77
FM AMEMBASSY DOHA
TO SECSTATE WASHDC 2611
INFO AMEMBASSY ABU DHABI
AMCONSUL DHAHRAN
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY TEHRAN

UNCLAS DOHA 0608

E.O. 11652: N/A
TAGS: ETRD, BEXP, EFIN, ELAB, QA
SUBJECT: AMERICAN TAXPAYERS IN QATAR

REF: (A) KUWAIT 2512; (B) DHAHRAN 0298; (C) ABU DHABI 0706

1. ON MAY 14 A GROUP OF APPROXIMATELY 25 AMERICAN TAXPAYERS RESIDING IN QATAR MET WITH REPRESENTATIVES OF THE "DUBAI COMMITTEE OF AMERICANS IN THE NORTHERN UAE" TO DISCUSS US PERSONAL INCOME TAXES. PRIMARY DISCUSSION CENTERED ON DISSATISFACTION RELATED TO CURRENT TAX LAWS AND WAYS OF LOBBYING AGAINST THEM. DURING THE MEETING IT WAS CLEAR THAT THE REDUCTION OF TAX CREDITS FROM \$25,000-20,000 TO \$15,000 EFFECTIVE THIS FY AND PROVISIONS REQUIRING THE DECLARATION OF COMPANY PROVIDED HOUSING AS PERSONAL INCOME ARE ALREADY HAVING A DELETERIOUS EFFECT ON AMERICAN BUSINESS IN QATAR.

2. SOME SPECIFIC COMPLAINTS ARE:
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A. A MODEST HOME IN DOHA (TWO BEDROOMS) RENTS FOR ABOUT \$32,000 PER YEAR, MEANING IN MANY CASES THAT A FAMILY'S TAX LIABILITY EXCEEDS ITS NET DISPOSABLE INCOME BEFORE TAXES.
B. EVEN IF A COMPANY PROMISES TO PAY ADDITIONAL TAXES INCURRED BY AN INDIVIDUAL, THIS ASSISTANCE MUST BE DECLARED IN THE FOLLOWING FY AS PERSONAL INCOME, RESULTING IN AN EVER INCREASING TAX BURDEN.

C. MOST AMERICANS LIVING IN QATAR ARE EMPLOYED IN CONSTRUCTION-RELATED ACTIVITIES, A SECTOR OF THE ECONOMY WITH A HIGH UNEMPLOYMENT RATE IN THE US.

3. COMMENT: THE INDIVIDUALS ATTENDING THIS MEETING INCLUDED SOME OF THE MOST RESPONSIBLE AMERICAN CITIZENS RESIDING IN QATAR. AT PRESENT AMERICAN BUSINESS IS FACING STIFF COMPETITION HERE PARTICULARLY FROM THE JAPANESE AND BRITISH WHO ARE NOT HAMPERED BY SIMILAR TAX LAWS. THE EMBASSY HAS RECEIVED REPORTS OF INDIVIDUAL AMERICAN CITIZENS AND AMERICAN COMPANIES LEAVING QATAR BECAUSE OF OUR TAX LAWS AND BEING REPLACED BY NON-AMERICANS. WE EXPECT THIS TREND TO CONTINUE AS LONG AS THE PRESENT TAX LAW REMAINS IN EFFECT.

4. MESSAGES FROM DHAHRAN, KUWAIT AND ABU DHABI WERE MOST APPRECIATED AND WE WOULD BE INTERESTED IN HEARING MORE COMMENTS ON THIS SUBJECT AS IT WILL HAVE TREMENDOUS IMPACT ON US PRESENCE IN THE AREA. PAGANELLI

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